

Testimony on behalf of the

Nebraska Cattlemen, Inc.

with regard to

Future Agriculture Policy and the 2007 Farm Bill

submitted to the

United States House of Representatives – Committee on Agriculture

The Honorable Bob Goodlatte, Chairman

submitted by

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Mr. Chairman, Ranking Member Peterson, Members of the Committee, thank you for the opportunity to present the Nebraska cattle industry's perspective on the upcoming 2007 Farm Bill. My name is Todd Eggerling, and I am a cattle producer from Martell, Nebraska. I am a member of the Nebraska Cattlemen, the National Cattlemen's Beef Association and am currently serving on the board of directors for the Nebraska Corn Fed Beef program.

On behalf of the membership of the Nebraska Cattlemen (NC), I appreciate the opportunity to provide comments regarding the development of the 2007 Farm Bill. The Nebraska Cattlemen association serves as the spokesman for the state's beef cattle industry and represents professional cattle breeders, ranchers and feeders, as well as 47 county and local cattlemen's associations. Our headquarters are in Lincoln and a second office in Alliance serves cattlemen in western Nebraska.

The beef industry in Nebraska powers our state's economy. The multiplied impact of the \$5.9 billion in cattle sales each year is estimated at \$11.5 billion. As well, Nebraska is a microcosm of the U.S. cattle industry. We have large ranches and feedlots and small ones as well. We have a strong cow/calf industry, a healthy feeding industry and a robust packing industry. Nebraska is number one in the U.S. in red meat exports, number two in cash receipts from cattle and calves and number two in commercial cattle harvest representing 22% of the U.S. commercial cattle harvest. One out of every five steaks and hamburgers in the U.S. comes from Nebraska. In fact, the only component of the beef industry that is not heavily represented in Nebraska is our number of consumers as cattle outnumber Nebraskans by almost 4 to 1.

The opportunity to work cooperatively on shaping the 2007 Farm Bill is welcomed by the Nebraska Cattlemen. Nebraska beef producers are keenly interested in the crafting of this important piece of legislation since our livelihoods are in part directly tied to many other agricultural commodities. With that being said, however, Nebraska Cattlemen view agriculture policy with fundamental guiding principles that reflect the independent nature of cattlemen of wanting the opportunity to run our operations as we see fit with minimal intrusion from the government. We desire to work towards agricultural policy which minimizes direct federal involvement; achieves a reduction in federal spending; preserves the right of individual choice in the management of land, water, and other resources and provides an opportunity to compete fairly in foreign markets.

To address specific portions of the Farm Bill, I will provide comments this morning representing NC on several important issues specifically Conservation programs, Activism, Energy, Research and Country-of-Origin Labeling.

Conservation: Protecting the environment and those that protect the environment

Conservation programs have been identified as a highlight of the 2007 Farm Bill discussion. The Conservation Reserve Program (CRP) will have many acres that will mature in contract agreements in the next year or so. While CRP is more directly associated with farmland, there are implications to the livestock industry regarding grazing and haying. NC has supported provisions that allow haying and grazing of CRP acres at a reduced payment for the year in which the haying or grazing takes place. During times of drought, the opportunity to utilize the grass on CRP has benefited cattle producers.

In addition to CRP, the Environmental Quality Incentive Program (EQIP) is an important conservation program with the goal to achieve the greatest environmental benefit with resources

available. I have utilized EQIP funds on my own operation for several years. Many Nebraska Cattlemen members have successfully utilized EQIP funds to improve their conservation methods as well. However, many cattlemen have complained that the intense administrative paperwork and time allotment for receiving funds makes EQIP an unattractive and burdensome program. Realizing that dollars are limited and expanding programs by adding dollars may be impossible, one method to realize more dollars to the end users of conservation programs would be to make the program more user friendly and less burdensome. Now certainly verification of records in order to ensure that appropriate qualifications are met is very important. But achieving a more efficient application method and accountability system would result in more dollars to participants.

Paramount to any discussion regarding conservation programs is the need to protect individual private property rights. Nebraska cattle producers are environmentally conscious by our very nature. Our desire to improve the environment thus preserving it for our children and grandchildren is one of our strongest attributes. To that end, government policy should reflect both the U.S. and state constitution and enhance the individual right of free choice of land, water, soil and energy use, development, and conservation. The rights of private landowners must be protected. Any loss of private lands or water rights including waters arising or claimed on public lands without specific procedures of due process of law and just compensation shall be opposed by NC. Agreements involving individual private land and water rights shall be solely a decision of individual private property owners. The laws and policy of state and local governments and private rights should be paramount in governing the use and ownership of water and natural resources.

Activism: No place for extremism and special agendas

More and more the debate involving the Farm Bill is not being limited to those who are affected by the programs within the legislation. The beef industry, indeed agriculture in general, is seriously at risk from attacks by environmental and animal activists who desire to put the beef industry and thus my family, out of business. Threats to animal agriculture may be as slight as trying to influence a food guide principle that labels beef as a minimal use protein to as blatant as passing a law that bans the use of USDA funds to inspect horse processing facilities. The Farm Bill is no place for anti-agricultural views and should not be used as a platform for activist groups.

Energy: Balancing inputs and outputs

There is no doubt that renewable energy sources will continue to become more important to the future of the U.S. energy supply. There is much to be learned in finding cost-effective methods of utilizing animal waste as a fuel supply. No where in the U.S. is the excitement of the growing ethanol industry more present than in Nebraska. Paramount to the equation of adding value to corn through ethanol production is the need to cultivate the livestock industry to utilize the by-products of ethanol production. It would be a shame to limit our energy and economic growth by not realizing the full potential of feeding distiller's grains to livestock. Research is needed to most effectively utilize renewable energy by-products and capitalize on this growing industry.

Research: Human and Animal Health Needs

Continued research is needed to help control and eradicate animal diseases. Johnne's disease is an example of the need for research to better understand the pathology of this disease so that management plans can be created for cattlemen to adopt. The health of our cattle herd is

crucially important in our ability to produce a high quality product that is desirable to domestic and foreign consumers. In addition, nutrition research is important to reinforce the importance of beef's role as a healthy part of American's diets. USDA has done an outstanding job of evaluating diet needs and trends and should be the government agency responsible for evaluating and recommending America's food guidelines such as the "My Pyramid" program.

Country-of-Origin Labeling: Competitiveness and Common Sense

NC seeks a process for country-of-origin labeling that will benefit the U.S. beef industry as well as domestic and international consumers. In fact, NC believes so strongly in the quality of Nebraska produced beef, that the association initiated the Nebraska Corn Fed Beef (NCFB) program in 1996 in order to supply a source verified, high quality product to consumers. NCFB has since become an independent entity providing producer's that truly believe in COOL the opportunity to participate in a source verified program.

The process for country-of-origin labeling as contained in the 2002 Farm Bill would impose unnecessary cost and labor burdens on producers and does not represent what NC membership views as an efficient, effective and acceptable country-of-origin labeling program. For instance, the current COOL rule prohibits the use of mandatory animal identification from being used for determining the origin of cattle. Under the proposed National Animal Identification System, all cattle born in the U.S. will be identified with a tag containing a similar prefix (the number '840'), it seems logical that this system could be incorporated easily into the COOL program to ensure accuracy and compliance. Hitting closer to home, the current COOL law would not allow state branded programs, such as NCFB to be utilized to determine eligibility for labeling. Additionally, the current COOL rule only applies to beef sold at retail and not beef sold in foodservice operations meaning that only about 15% of the beef that is imported into the U.S. would be subject to COOL labeling. Also, the "tiered" labeling process for retail products is confusing and flawed. The law does not treat all beef products equally. For instance, beef hot dogs do not have to be labeled. Finally, the penalties for non-compliance are so harsh (\$10,000 per day per violation); NC fears that many retailers, specifically small retailers will choose to not carry beef products for fear of the extreme penalties should they be found with a violation.

NC supports dramatic revisions to the current COOL law and will support a mandatory program only if it is profitable to all segments of the beef industry. Furthermore, this kind of marketing program is best debated outside of the Farm Bill where all factors can be weighed and open and frank discussions can occur. COOL should not be decided in last hour of Farm Bill debate when fatigue and time constraints are present to hinder beneficial and progressive proposals.

Conclusion

As you can tell, Nebraska Cattlemen has many interests in the 2007 Farm Bill. My fellow cattle producers and I are hard-working and risk takers that simply want the opportunity to run our cattle businesses the best way we can. In doing so, we believe that we will continue to produce the safest and most wholesome beef supply while providing a quality way of life for raising our families. Nebraska Cattlemen appreciate the opportunity to participate in this field hearing and look forward to working with all partners to create an effective 2007 Farm Bill that will help create opportunities for growth in U.S. agriculture.